

EXHIBIT D

Home / Markets / Industries / Finance

Monday, June 07, 2010

3rd UPDATE: Countrywide's Mess Billed To Bank of America

Share | Respond to Editor | Print

By Shayndi Raice and Marshall Eckblad
Dow Jones Newswires

(Updates and rewrites throughout with additional background.)

WASHINGTON (Dow Jones)- The reign was Angelo Mozilo's. But the fall-out belongs to Bank of America Corp. (BAC: 13.775, 0.115, 0.84%)

The Charlotte bank agreed Monday to pay the government about \$108 million to settle claims that its Countrywide unit bilked mortgage customers with artificially inflated fees. But Bank of America didn't own Countrywide when the alleged mistreatment occurred.

The agreement illustrates the latest chapter in the long-running legal liabilities that Bank of America assumed when it purchased Countrywide, a troubled competitor led by controversial former CEO Angelo Mozilo, during the financial crisis in 2008. Although the deal carried a small price tag—some \$2.5 billion for what was then the nation's largest mortgage lender—Bank of America has faced a clean-up job that's about to enter its third year.

Monday's agreement is the second Countrywide-related settlement that Bank of America has signed in as many months. In May, the nation's largest bank by assets agreed to pay \$600 million to six New York retirement funds over claims that Countrywide didn't properly disclose the riskiness of its lending activities. In Monday's settlement, the Federal Trade Commission claims Countrywide carried out a fee-assessment scheme to overcharge customers who were at risk of foreclosure.

"Our commitment to transparency and fair and responsible customer treatment is carried through in provisions of the settlement with the FTC," Bank of America said in a statement.

In both cases, spokespeople for Bank of America said the company is settling the claims now in order to avoid higher litigation costs. The bank didn't admit any wrongdoing by Countrywide in either case.

According to the bank's latest quarterly regulatory filing, it faces three outstanding lawsuits that name Countrywide as a defendant; it's not clear whether those suits will succeed.

Bank of America acquired Countrywide, once the nation's largest mortgage lender, for about \$2.5 billion in July 2008, mere months before it also purchased Merrill Lynch & Co. as that financial firm teetered toward failure.

The settlement with the Federal Trade Commission is one of the largest judgments imposed in an agency case, Federal Trade Commission Chairman Jon Leibowitz said. The settlement funds will be used to reimburse 200,000 Countrywide customers who were allegedly overcharged before it was acquired by Bank of America in July 2008. As part of the settlement, the company didn't admit or deny the allegations.

The FTC alleged that Countrywide made risky loans to homeowners during the boom years, and profited when the loans failed by overcharging clients on default-related services when they fell behind on their loans.

According to the complaint, Countrywide created affiliated companies that charged a large markup in fees, sometimes up to 100% or more for services like property inspections and lawn mowing services. Countrywide also made inaccurate claims about the amounts borrowers owed in bankruptcy cases.

"Countrywide took advantage of homeowners in two utterly unprincipled ways," Leibowitz said.

Leibowitz said the commission can contact every affected customer, adding, "We want to get this money to consumers as quickly as possible." The \$108 million charge is an estimate of the money owed to former Countrywide clients, but until the settlement is finalized, the FTC will not be able to identify specific victims and refund them their money.

The FTC said the Countrywide settlement demonstrates the need for expanded agency powers that are contained in financial industry legislation pending in Congress.

Before being acquired by Bank of America, Countrywide was ranked as the top mortgage servicer in the country, with a balance of more than \$1.4 trillion in its servicing portfolio.

Copyright © 2009 Dow Jones Newswires

Recommend

3 people recommend this. Be the first of your friends.

ADVERTISEMENTS

\$500,000 Life Insurance
No Exam Necessary. Same-day coverage as low as \$6/month. Free Quotes
USAcovrage.com

Project Management Online
Nation's Leading Online PMP Course. Get Certified-Find Out More Now!
VillanovaU.com/ProjectManagement

High Yield CDs
Find Great Rates On CD Accounts. Plan For Your Retirement Today.
JustClickLocal.com

BUY A LINK HERE

[Home](#) | [Video](#) | [Markets](#) | [Personal Finance](#) | [My Money](#) | [On Air](#) | [RSS Feeds](#) | [Mobile](#) | [Contact Us](#) | [About Us](#) | [FAQs](#)

[Channel Finder](#) | [Fox News](#) | [Register](#)

[Advertise with us](#) | [Jobs at FOX Business Network](#) | [Internships at FBN](#)

Terms of use. Privacy Statement. For FOXBusiness.com technical issues write to foxbusinessonline@foxbusiness.com; for all other feedback, write to feedback@foxbusiness.com.

Quotes delayed at least 15 minutes. Market Data provided by Interactive Data ([Terms & Conditions](#)). Powered and implemented by **Interactive Data Managed Solutions**. Company fundamental data provided by **Morningstar**. Earnings estimates data provided by Zacks. Mutual fund data provided by Lipper. Economic data provided by Econoday. Dow Jones & Company Terms & Conditions.

This material may not be published, broadcast, rewritten, or redistributed. ©2010 FOX News Network, LLC. All rights reserved.